

Message Text

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TO AMEMBASSY TOKYO PRIORITY

UNCLAS STATE 240932

FOR ASSISTANT SECRETARY KATZ

E.O. 11652: N/A

TAGS: EAIR, JA

SUBJECT: AVIATION NEGOTIATIONS

1. FOLLOWING TEXT OF LETTER DATED OCTOBER 5 FROM
ANDERSON AND MINETA TO THE SECRETARY:

2. QUOTE THE AVIATION SUBCOMMITTEE HAS JUST COMPLETED
HEARINGS ON INTERNATIONAL AVIATION NEGOTIATIONS.

3. QUOTE THE HEARINGS INDICATED THAT THERE ARE SERIOUS
PROBLEMS WITH THE WAY OUR GOVERNMENT HAS PROCEEDED IN
RECENT INTERNATIONAL AVIATION NEGOTIATIONS. WE ARE NOW
CONSIDERING LEGISLATION TO DEAL WITH THE PROBLEMS.
HOWEVER, IN VIEW OF THE IMMINENT NEGOTIATIONS WITH THE
UNITED KINGDOM ON A CHARTER BILATERAL AND WITH JAPAN ON
AN OVERALL AIR TRANSPORT AGREEMENT, WE ARE TAKING THIS
OCCASION TO INDICATE SOME OF THE AREAS IN WHICH WE THINK
OUR GOVERNMENT'S PERFORMANCE COULD BE IMPROVED.

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4. QUOTE WE WERE PLEASED TO LEARN FROM THE ADMINISTRATION
WITNESSES AT OUR HEARING THAT THE ADMINISTRATION DOES NOT
CONSIDER THE RECENT BERMUDA II AGREEMENT BETWEEN THE
UNITED KINGDOM AND THE UNITED STATES TO BE A PRECEDENT OR
A MODEL FOR FUTURE AGREEMENTS.

5. QUOTE THE BERMUDA II AGREEMENT CONTAINS ANTI-

COMPETITIVE PROVISIONS RESTRICTING THE NUMBER OF CARRIERS WHICH CAN BE AUTHORIZED IN VARIOUS MARKETS AND RESTRICTING THE CAPACITY WHICH AUTHORIZED CARRIERS CAN OFFER. THE AGREEMENT ALSO FAILS TO ESTABLISH CHARTER RIGHTS, OR EVEN TO INCLUDE A LINKAGE PROVISION, TYING THE CONTINUATION OF SOME OR ALL SCHEDULED RIGHTS TO A SATISFACTORY CHARTER AGREEMENT.

6. QUOTE IN THESE RESPECTS BERMUDA II REPRESENTS A DEPARTURE FROM OUR INTERNATIONAL AVIATION POLICY FAVORING COMPETITION. OUR POLICY HAS BEEN BASED ON OUR DOMESTIC AND INTERNATIONAL EXPERIENCE WHICH INDICATES THAT COMPETITION BENEFITS THE CONSUMER BY ENCOURAGING EFFICIENT OPERATIONS, IMAGINATIVE MARKETING, AND LOW-FARE SERVICE. OUR EXPERIENCE ALSO INDICATES CHARTER OPERATIONS ARE A VERY IMPORTANT PART OF THE COMPETITIVE PICTURE. OUR SUPPLEMENTAL CARRIERS HAVE PIONEERED IN THE DEVELOPMENT OF LOW-FARE TRANS-ATLANTIC SERVICE AND THE SUPPLEMENTALS HAVE SERVED AS A COMPETITIVE SPUR TO KEEP SCHEDULED FARES DOWN.

7. QUOTE WE WERE GRATIFIED TO HEAR FROM ADMINISTRATION WITNESSES THAT OUR POLICY FOR THE NEGOTIATIONS WITH JAPAN WILL BE TO RESIST RESTRICTIONS ON DESIGNATIONS AND CAPACITY, AND TO WORK TO OBTAIN AN AGREEMENT FACILITATING CHARTERS AND LOW-FARE SCHEDULED SERVICE. WE AGREE WITH UNCLASSIFIED

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THE STATEMENTS OF THE GOVERNMENT WITNESSES THAT THE NEGOTIATING OF A CHARTER AGREEMENT SHOULD BE GIVEN VERY HIGH PRIORITY. WE TRUST THAT THE UNITED STATES WILL REMAIN FIRM IN ITS RESOLVE TO OBTAIN A CHARTER AGREEMENT COVERING THE RIGHTS OF SCHEDULED AND SUPPLEMENTAL CARRIERS AND ESTABLISHING COUNTRY-OF-ORIGIN RULES. WE SHOULD NOT ERODE OUR LEVERAGE WITHOUT OBTAINING A SATISFACTORY AGREEMENT ON CHARTERS.

8. QUOTE THE TESTIMONY ON BERMUDA II ALSO INDICATED THAT THE UNITED STATES DELEGATION FAILED TO GIVE SUFFICIENT ATTENTION TO THE VIEWS OF INTERESTED AND AFFECTED GROUPS. IN AVIATION NEGOTIATIONS ALL INTERESTED GROUPS -- CONSUMERS, LABOR UNIONS, AIRPORT AUTHORITIES, AND COMMUNITY REPRESENTATIVES, AS WELL AS SCHEDULED AND SUPPLEMENTAL AIRLINES -- SHOULD BE KEPT FULLY

INFORMED AND GIVEN AN OPPORTUNITY TO COMMENT ON PROPOSED PROVISIONS. THE DELEGATION CAN BENEFIT FROM THE EXPERT KNOWLEDGE AND JUDGMENT OF INTERESTED GROUPS, BUT THESE BENEFITS CAN BE REALIZED ONLY IF THE REPRESENTATIVES OF

INTERESTED GROUPS ARE GENERALLY PRESENT AT NEGOTIATING SESSIONS AND ABLE TO GIVE THE HEAD OF THE DELEGATION THE BENEFIT OF THEIR VIEWS ON PROPOSALS WHICH ARE ADVANCED DURING THE GIVE-AND-TAKE OF NEGOTIATIONS.

9. QUOTE IN THIS REGARD, WE STRONGLY DISAGREE WITH ANY SUGGESTION THAT REPRESENTATIVES OF INTERESTED GROUPS SHOULD SERVE ONLY AS TECHNICIANS TO BE CONSULTED WHEN THE DELEGATION WISHES. THE INTERESTED GROUPS SHOULD BE CONSULTED AND ACTIVELY INVOLVED ON ALL ISSUES AFFECTING THEM.

10. QUOTE WE RECOGNIZE THAT AVIATION NEGOTIATIONS ARE CONDUCTED FOR THE BENEFIT OF THE UNITED STATES AS A UNCLASSIFIED

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WHOLE, AND NOT TO FURTHER THE INTERESTS OF PARTICULAR PRIVATE GROUPS. HOWEVER, THESE GROUPS ARE GREATLY AFFECTED BY THE RESULTS OF NEGOTIATIONS, AND THEIR VIEWS AND EXPERT KNOWLEDGE SHOULD BE GIVEN GREAT WEIGHT.

11. QUOTE WHEN MEASURED AGAINST THESE STANDARDS, WE FOUND THE PROCEDURES FOLLOWED IN THE BERMUDA II NEGOTIATIONS TO BE UNSATISFACTORY. IN BERMUDA II ONLY AIRLINE REPRESENTATIVES WERE PERMITTED TO SERVE AS ADVISORS TO THE DELEGATION, AND EVEN THESE GROUPS WERE EXCLUDED FROM MOST OF THE ACTUAL NEGOTIATING SESSIONS.

AS A CONSEQUENCE OF THESE PROCEDURES, IMPORTANT AGREEMENTS ON CHARTERS AND AIRPORT USER CHARGES WERE REACHED BEFORE REPRESENTATIVES OF THE AFFECTED GROUPS HAD AN OPPORTUNITY TO COMMENT ON THE SPECIFIC PROVISIONS. THE PROVISIONS RESULTING FROM THESE INNER QUOTE WORKING GROUP END INNER QUOTE SESSIONS RAISED SERIOUS PROBLEMS, SOME OF WHICH COULD BE RESOLVED BEFORE THE FINAL AGREEMENT WAS SIGNED, AND SOME OF WHICH COULD NOT.

12. QUOTE WE TRUST THAT IN FUTURE AVIATION NEGOTIATIONS, REPRESENTATIVES OF INTERESTED GROUPS WILL BE GIVEN BETTER ACCESS TO THE NEGOTIATING PROCESS. END QUOTE CHRISTOPHER

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